

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Antwerp	County Van Buren
Fiscal Year End 6/30/06	Opinion Date 10/6/06	Date Audit Report Submitted to State 12/20/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

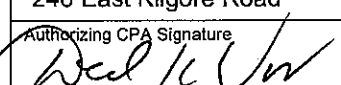
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Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	Nothing to report	
Other (Describe)	<input type="checkbox"/>	No other documents required	
Certified Public Accountant (Firm Name) Siegfried Crandall, PC		Telephone Number 269-381-4970	
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
		Zip 49002	
Authorizing CPA Signature 		Printed Name Donald K. Vos, CPA	
		License Number 1101015407	

Township of Antwerp
Van Buren County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended June 30, 2006

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Township of Antwerp, Michigan

We have audited the accompanying financial statements of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Township of Antwerp, Michigan, as of June 30, 2006, and for the year then ended, which collectively comprise the Township of Antwerp, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Antwerp, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Township of Antwerp, Michigan, as of June 30, 2006, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information on pages 21 - 24, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Antwerp, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

October 6, 2006

BASIC FINANCIAL STATEMENTS

Township of Antwerp
STATEMENT OF NET ASSETS
June 30, 2006

	<u>Primary government</u>	<u>Component unit</u>
	<u>Governmental activities</u>	<u>Mattawan Quick Response</u>
ASSETS		
Current assets:		
Cash	\$ 3,245,860	\$ 93,605
Due from other governmental units	141,835	-
Prepaid expenses	<u>56,386</u>	<u>-</u>
Total current assets	3,444,081	93,605
Noncurrent assets:		
Capital assets not being depreciated - land	104,385	-
Capital assets, net of accumulated depreciation	<u>1,768,800</u>	<u>18,484</u>
	<u>1,873,185</u>	<u>18,484</u>
Total assets	<u>5,317,266</u>	<u>112,089</u>
LIABILITIES		
Current liabilities:		
Accounts payable	<u>41,027</u>	<u>-</u>
NET ASSETS		
Invested in capital assets	1,873,185	18,484
Restricted for - public safety	1,316,587	-
Unrestricted, unallocated	<u>2,086,467</u>	<u>93,605</u>
Total net assets	<u>\$ 5,276,239</u>	<u>\$ 112,089</u>

See notes to financial statements

Township of Antwerp
STATEMENT OF ACTIVITIES
Year ended June 30, 2006

	<u>Program revenues</u>			<u>Net (expenses) revenues and changes in net assets</u>	
				<u>Primary government</u>	<u>Component unit</u>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Governmental activities</u>	<u>Mattawan Quick Response</u>
Functions/Programs					
Primary government					
Governmental activities:					
Legislative	\$ 9,600	\$ -	\$ -	\$ (9,600)	
General government	568,003	153,555	-	(414,448)	
Public safety	513,136	248,289	46,184	(218,663)	
Public works	94,164	5,330	5,191	(83,643)	
Community and economic development	38,288	12,220	-	(26,068)	
Total	<u>\$ 1,223,191</u>	<u>\$ 419,394</u>	<u>\$ 51,375</u>	<u>(752,422)</u>	
Component unit					
Mattawan Quick Response	<u>\$ 20,793</u>	<u>\$ 29,685</u>	<u>\$ -</u>		<u>\$ 8,892</u>
General revenues:					
Taxes				681,552	-
State grants				434,424	-
Franchise fees				3,469	-
Investment income				122,821	2,907
Other				1,052	-
Total general revenues				<u>1,243,318</u>	<u>2,907</u>
Change in net assets				490,896	11,799
Net assets - beginning				<u>4,785,343</u>	<u>100,290</u>
Net assets - ending				<u>\$ 5,276,239</u>	<u>\$ 112,089</u>

See notes to financial statements

Township of Antwerp
BALANCE SHEET - governmental funds
June 30, 2006

	<u>General</u>	<u>Mattawan Fire</u>	<u>Lawton Fire</u>
ASSETS			
Cash	\$ 1,935,500	\$ 839,070	\$ 250,000
Due from other governmental units	141,835	-	-
Prepaid expenses	<u>25,659</u>	<u>19,258</u>	<u>11,469</u>
Total assets	<u>\$ 2,102,994</u>	<u>\$ 858,328</u>	<u>\$ 261,469</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 15,042	\$ -	\$ -
Fund balances:			
Unreserved	<u>2,087,952</u>	<u>858,328</u>	<u>261,469</u>
Total fund balances	<u>2,087,952</u>	<u>858,328</u>	<u>261,469</u>
Total liabilities and fund balances	<u>\$ 2,102,994</u>	<u>\$ 858,328</u>	<u>\$ 261,469</u>

Total fund balances - *governmental activities*

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Enterprise fund net assets have been presented in *governmental activities* for reporting purposes.

Net assets of *governmental activities*

		Other governmental funds	
Paw Paw Fire	Liquor Control Enforcement	Totals	
\$ 53,868	\$ -	\$ 3,078,438	
-	-	141,835	
-	-	56,386	
<u>\$ 53,868</u>	<u>\$ -</u>	<u>\$ 3,276,659</u>	
\$ 4,114	\$ -	\$ 19,156	
<u>49,754</u>	<u>-</u>	<u>3,257,503</u>	
<u>49,754</u>	<u>-</u>	<u>3,257,503</u>	
<u>\$ 53,868</u>	<u>\$ -</u>	<u>\$ 3,276,659</u>	
		\$ 3,257,503	
		1,871,700	
		<u>147,036</u>	
		<u>\$ 5,276,239</u>	

See notes to financial statements

Township of Antwerp**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
governmental funds**

Year ended June 30, 2006

	<u>General</u>	<u>Mattawan Fire</u>	<u>Lawton Fire</u>
REVENUES			
Taxes	\$ 380,315	\$ 220,558	\$ 150,124
State grants	439,615	-	-
Licenses and permits	4,269	-	-
Intergovernmental	-	45,000	-
Charges for services	22,905	-	-
Interest and rentals	113,355	23,694	6,740
Other	5,687	695	-
Total revenues	<u>966,146</u>	<u>289,947</u>	<u>156,864</u>
EXPENDITURES			
Legislative	9,600	-	-
General government	485,819	-	-
Public safety	20,378	85,807	67,210
Public works	120,398	-	-
Community and economic development	38,288	-	-
Capital outlay	16,019	75,536	-
Total expenditures	<u>690,502</u>	<u>161,343</u>	<u>67,210</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	275,644	128,604	89,654
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(326)	-	-
Total other financing sources (uses)	<u>(326)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	275,318	128,604	89,654
FUND BALANCES - BEGINNING	<u>1,812,634</u>	<u>729,724</u>	<u>171,815</u>
FUND BALANCES - ENDING	<u>\$ 2,087,952</u>	<u>\$ 858,328</u>	<u>\$ 261,469</u>

Other governmental funds		
<u>Paw Paw Fire</u>	<u>Liquor Control Enforcement</u>	<u>Totals</u>
\$ 51,485	\$ -	\$ 802,482
-	1,184	440,799
-	-	4,269
-	-	45,000
-	-	22,905
172	-	143,961
-	-	6,382
<u>51,657</u>	<u>1,184</u>	<u>1,465,798</u>
-	-	9,600
-	-	485,819
14,514	1,659	189,568
-	-	120,398
-	-	38,288
-	-	91,555
<u>14,514</u>	<u>1,659</u>	<u>935,228</u>
37,143	(475)	530,570
-	326	326
-	-	(326)
<u>-</u>	<u>326</u>	<u>-</u>
37,143	(149)	530,570
<u>12,611</u>	<u>149</u>	<u>2,726,933</u>
<u>\$ 49,754</u>	<u>\$ -</u>	<u>\$ 3,257,503</u>

See notes to financial statements

Township of Antwerp

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
governmental funds (Continued)**

Year ended June 30, 2006

Net change in fund balances - total governmental funds \$ 530,570

Amounts reported for *governmental activities* in the statement of activities (page 6)
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement
of activities, the costs of those assets are allocated over their estimated useful lives
as depreciation expense. This is the amount by which depreciation (\$158,181) exceeded
capital outlays (\$121,232) in the current period. (36,949)

The change in enterprise fund net assets has been presented in *governmental activities*
for reporting purposes. (2,725)

Change in net assets of *governmental activities* \$ 490,896

Township of Antwerp
STATEMENT OF NET ASSETS - proprietary fund
June 30, 2006

	<u>Building Inspections</u>
ASSETS	
Current assets:	
Cash	\$ 167,422
Noncurrent assets:	
Capital assets, net	<u>1,485</u>
Total assets	<u>168,907</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>21,871</u>
NET ASSETS	
Unrestricted, unallocated	<u>\$ 147,036</u>
Net assets, per above	\$ 147,036
Reclassify enterprise fund net assets to governmental activities for reporting purposes	<u>(147,036)</u>
	<u>\$ -</u>

See notes to financial statements

Township of Antwerp
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
proprietary fund
Year ended June 30, 2006

	<u>Building Inspections</u>
OPERATING REVENUES	
Licenses and permits	\$ 248,289
OPERATING EXPENSES	
Public safety	<u>251,014</u>
OPERATING LOSS	(2,725)
NET ASSETS - BEGINNING	<u>149,761</u>
NET ASSETS - ENDING	<u><u>\$ 147,036</u></u>
 Operating loss	 \$ (2,725)
 Reclassify the change in enterprise fund net assets as <i>governmental activities</i> for reporting purposes	 <u>2,725</u>
	<u><u>\$ -</u></u>

See notes to financial statements

Township of Antwerp
STATEMENT OF CASH FLOWS - proprietary fund
Year ended June 30, 2006

	<u>Building Inspections</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 275,490
Payments to suppliers	(104,950)
Payments to employees	<u>(143,099)</u>
Net cash provided by operating activities	27,441
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(1,686)</u>
Net change in cash	25,755
CASH - BEGINNING	<u>141,667</u>
CASH - ENDING	<u><u>\$ 167,422</u></u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (2,725)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	201
Decrease in receivables	16,479
Increase in payables	<u>13,486</u>
Net cash provided by operating activities	<u><u>\$ 27,441</u></u>

See notes to financial statements

Township of Antwerp
STATEMENT OF NET ASSETS - *fiduciary funds*
June 30, 2006

ASSETS

Cash	\$ <u>5,234</u>
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LIABILITIES

Due to other governmental units	\$ <u>5,234</u>
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See notes to financial statements

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Antwerp, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township and its component unit, an entity for which the government is considered to be financially accountable. The discretely-presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the Township.

Discretely-presented component unit:

Mattawan Quick Response

Mattawan Quick Response meets the criteria of a component unit and has been included in the Township's government-wide financial statements as a discretely-presented component unit. Mattawan Quick Response is reported in a separate column to emphasize it is legally separate from the Township. Separate financial statements of the component unit have not been issued, as management believes these government-wide financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit. The component unit is economically dependent on the primary government.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. The major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Mattawan Fire Fund accounts for the operations of the Mattawan Fire Department with the funding coming from an extra-voted tax millage.

The Lawton Fire Fund accounts for the operations of the Lawton Fire Department with the funding coming from an extra-voted tax millage.

The Paw Paw Fire Fund accounts for the operations of the Paw Paw Fire Department with the funding coming from an extra-voted millage.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of GASB. The government has elected not to follow subsequent private-sector standards.

Amounts reported as program revenue include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and interest income.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

ii) Receivables and payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All receivables are considered to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., major road improvements), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township includes shared road costs in its infrastructure. These costs represent the Township's portion of public road improvements for roads within the Township, which are owned by the County of Van Buren.

As permitted by generally accepted accounting principles the Township has elected to report only these infrastructure assets acquired after June 30, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 7 years
Vehicles	5 - 15 years
Shared road costs	20 years

v) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

vi) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the functional level. Amounts encumbered for purchase orders, contracts, etc., are tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Mattawan Fire	Capital outlay	\$ 51,000	\$ 75,536	\$ (24,536)

NOTE 3 - DEPOSITS:

The Township's deposits, as shown in the government-wide statement of net assets are as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Primary government</u>	<u>Component unit</u>	<u>Total</u>
Deposits	\$ 3,245,440	\$ 5,234	\$ 3,250,674	\$ 93,605	\$3,344,279
Cash on hand	420	-	420	-	420
Total cash	<u>\$ 3,245,860</u>	<u>\$ 5,234</u>	<u>\$ 3,251,094</u>	<u>\$ 93,605</u>	<u>\$3,344,699</u>

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At June 30, 2006, \$2,738,375 of the Township's bank balances of \$3,254,346 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - DEPOSITS (Continued):

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

The component unit's cash is deposited with financial institutions authorized by statute. At June 30, 2006, none of the component unit's bank balance of \$92,270 was exposed to custodial credit risk.

NOTE 4 - CAPITAL ASSETS:

Capital asset activity of the Township for the current year was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 104,385	\$ -	\$ -	\$ 104,385
Capital assets being depreciated:				
Buildings and improvements	1,825,930	-	-	1,825,930
Land improvements	143,494	4,859	-	148,353
Equipment	306,424	60,174	-	366,598
Vehicles	768,757	10,393	-	779,150
Infrastructure - shared road costs	296,780	47,492	-	344,272
Subtotal	3,341,385	122,918	-	3,464,303
Less accumulated depreciation for:				
Buildings and improvements	1,006,960	73,966	-	1,080,926
Land improvements	19,636	7,193	-	26,829
Equipment	226,722	15,775	-	242,497
Vehicles	271,217	42,641	-	313,858
Infrastructure	12,586	18,807	-	31,393
Subtotal	1,537,121	158,382	-	1,695,503
Total capital assets being depreciated, net	1,804,264	(35,464)	-	1,768,800
Governmental activities capital assets, net	\$ 1,908,649	\$ (35,464)	\$ -	\$ 1,873,185
Component unit:				
Capital assets being depreciated - Equipment	\$ 14,600	\$ 6,248	\$ -	\$ 20,848
Less accumulated depreciation	852	1,512	-	2,364
Component unit capital assets, net	\$ 13,748	\$ 4,736	\$ -	\$ 18,484

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to programs of the Township as follows:

General government	\$ 80,845
Public safety	56,279
Public works, which includes the depreciation of general infrastructure assets	<u>21,258</u>
Total governmental activities	<u>\$ 158,382</u>

NOTE 5 - JOINT VENTURES:

a) Lawton Fire Department Board of Commissioners:

The Township is a member of the Lawton Fire Department Board of Commissioners (the Fire Board), which is a joint venture of the Townships of Antwerp and Porter, and the Village of Lawton. The Administrative Board of the Fire Board consists of six members, which consists of two members appointed by each participating unit. The Fire Board was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended June 30, 2006, the Township of Antwerp contributed \$69,310 as its proportionate share of the Fire Board's budgeted costs. Complete audited financial statements for the Fire Board can be obtained from the Village of Lawton.

b) Paw Paw Fire Department Board:

The Township is a member of the Paw Paw Fire Department Board (the Department), which is a joint venture of the Townships of Antwerp, Almena, Paw Paw, and Waverly, and the Village of Paw Paw. The Administrative Board of the Department consists of members appointed by each participating unit. The Department was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended June 30, 2006, the Township of Antwerp contributed \$14,114 as its proportionate share of the Department's budgeted costs. Complete audited financial statements for the Department can be obtained from the Treasurer of the Department.

NOTE 6 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits through a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. All members of the Township Board and all Township employees employed for more than 20 hours per week on a regular basis are eligible to participate. Eligible employees may begin participating on the date the plan started, or on the first day of the month coincident with, or immediately following, their date of employment, if later. Eligible employees must defer 5% of their basic annual compensation. The Township will match 200% of the employee's contribution. All of the Township's contributions for each participating employee (and interest allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the plan. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township and its employees made required contributions of \$24,660 and \$12,333, respectively.

NOTE 7 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended June 30, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 430,000	\$ 430,000	\$ 380,315	\$ (49,685)
State grants	435,000	435,000	439,615	4,615
Licenses and permits	11,500	11,500	4,269	(7,231)
Charges for services	40,000	40,000	22,905	(17,095)
Interest and rentals	36,000	36,000	113,355	77,355
Other	6,100	6,100	5,687	(413)
Total revenues	<u>958,600</u>	<u>958,600</u>	<u>966,146</u>	<u>7,546</u>
EXPENDITURES				
Legislative	9,600	9,600	9,600	-
General government	599,274	599,274	485,819	113,455
Public safety	31,000	31,000	20,378	10,622
Public works	228,950	228,950	120,398	108,552
Community and economic development	47,050	47,050	38,288	8,762
Capital outlay	32,000	32,000	16,019	15,981
Total expenditures	<u>947,874</u>	<u>947,874</u>	<u>690,502</u>	<u>257,372</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>10,726</u>	<u>10,726</u>	<u>275,644</u>	<u>264,918</u>
OTHER FINANCING USES:				
Transfer to Liquor Control Enforcement Fund	<u>-</u>	<u>-</u>	<u>(326)</u>	<u>(326)</u>
NET CHANGE IN FUND BALANCES	<u>10,726</u>	<u>10,726</u>	<u>275,318</u>	<u>264,592</u>
FUND BALANCES - BEGINNING	<u>1,812,634</u>	<u>1,812,634</u>	<u>1,812,634</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,823,360</u>	<u>\$ 1,823,360</u>	<u>\$ 2,087,952</u>	<u>\$ 264,592</u>

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - Mattawan Fire Fund
Year ended June 30, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 160,885	\$ 160,885	\$ 220,558	\$ 59,673
Contributions from other governmental units	39,936	39,936	45,000	5,064
Interest	10,000	10,000	23,694	13,694
Other	-	-	695	695
Total revenues	<u>210,821</u>	<u>210,821</u>	<u>289,947</u>	<u>79,126</u>
EXPENDITURES				
Public safety	155,300	155,300	85,807	69,493
Capital outlay	<u>51,000</u>	<u>51,000</u>	<u>75,536</u>	<u>(24,536)</u>
Total expenditures	<u>206,300</u>	<u>206,300</u>	<u>161,343</u>	<u>44,957</u>
NET CHANGE IN FUND BALANCES	4,521	4,521	128,604	124,083
FUND BALANCES - BEGINNING	<u>729,724</u>	<u>729,724</u>	<u>729,724</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 734,245</u>	<u>\$ 734,245</u>	<u>\$ 858,328</u>	<u>\$ 124,083</u>

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - Lawton Fire Fund
Year ended June 30, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 102,871	\$ 102,871	\$ 150,124	\$ 47,253
Interest	<u>3,000</u>	<u>3,000</u>	<u>6,740</u>	<u>3,740</u>
Total revenues	105,871	105,871	156,864	50,993
EXPENDITURES				
Public safety	<u>120,310</u>	<u>120,310</u>	<u>67,210</u>	<u>53,100</u>
NET CHANGE IN FUND BALANCES	(14,439)	(14,439)	89,654	104,093
FUND BALANCES - BEGINNING	<u>171,815</u>	<u>171,815</u>	<u>171,815</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 157,376</u>	<u>\$ 157,376</u>	<u>\$ 261,469</u>	<u>\$ 104,093</u>

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - Paw Paw Fire Fund
Year ended June 30, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 24,646	\$ 24,646	\$ 51,485	\$ 26,839
Interest	<u>400</u>	<u>400</u>	<u>172</u>	<u>(228)</u>
Total revenues	25,046	25,046	51,657	26,611
EXPENDITURES				
Public safety	<u>26,500</u>	<u>26,500</u>	<u>14,514</u>	<u>11,986</u>
NET CHANGE IN FUND BALANCES	(1,454)	(1,454)	37,143	38,597
FUND BALANCES - BEGINNING	<u>12,611</u>	<u>12,611</u>	<u>12,611</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 11,157</u>	<u>\$ 11,157</u>	<u>\$ 49,754</u>	<u>\$ 38,597</u>